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The Arab Economy in Israel: Dependency or Development?

Raja Khalidi

In the 36 years since the establishment of the State of Israel, a technologically advanced Jewish capitalist economy has firmly implanted itself in Palestine. In the process, the traditional peasant-based Arab economy of the country has been effectively destroyed in most areas and severely threatened in others. As a result, the Palestinian Arab economic sector in Israel today faces the issue of whether its continued relation with the Jewish "parent" economy will lead to further integration and subservience, or to development and autonomy.¹

The transformation of the Arab economy dates from before the establishment of the Jewish state, though it has been accelerated and its course altered since 1948. In British mandatory times, the transformation was characterized by the spread of private property in agriculture with increased small private and absentee land ownership. This, however, was not accompanied by a concurrent growth in capitalist agricultural methods. Similarly, though urban and industrial/commercial growth spawned a new bourgeoisie, this led neither to a shift in the terms of trade between the Arab city and country, nor to independent Arab economic bargaining power in the national and international markets. The main impediment to such growth until 1948 was the presence and competition of an alien Jewish economy which possessed far greater abilities and

resources in technology, capital utilization and labor skill.²

Subsequent Jewish development after 1948 bypassed those Arab regions that remained intact within the state's borders. The priorities accorded to Jewish advancement meant that high rates of capital investment, technological innovation and application, and international trade benefitted almost exclusively the Jewish population of the new state of Israel. Thus, while the Arab region in Israel may have increased its income and consumption capacities through exposure to the advanced Jewish economy, its position as a producing sector has declined steadily since 1948. It is in this sense that "normal" developmental processes have been structurally altered by the Zionist colonization system.³

The Arab economic structure in Israel is therefore characterized at once by features of subservience and autonomy. Even though it is feasible to argue that an Arab economic unit does exist within Israel, the task of evaluating its viability is neither a straightforward nor a clear operation. There are two aspects to this problem.

On the one hand, the "smallness" of any economic unit does not rule out the possibility of it possessing productive capacities which can ensure both self-sufficiency and the power to trade and exchange.⁴ Any argument against Arab economic viability in Israel based on the relatively small size of the unit in question is not in itself convincing.⁵ With the concentration of Arab society and economic activity in one geographic region and the maintenance of various productive capacities, it is possible to notice certain homogenous demographic, social and economic features. This further focuses upon the need for studying this population in terms of its constituting a distinct economic unit.

On the other hand, the process of integration of an entire generation of Palestinian Arabs into the Israeli economic structure, and its subjugation to the priorities of that economy resulted in the dismemberment of much of the pre-1948 Arab economy. Any subsequent "natural" economic development was hindered by a number of factors. Prominent among these was the continuous attrition of Arab natural resources, primarily land and water. Additional government discrimination in distribution of public resources and utilities (capital, electricity, roads, housing, services) kept the Arab regions isolated from the effort of development of the Jewish state. Political discrimination and institutional obstacles, especially with regard to land ownership and usufruct, continue to deprive the Arab population of the freedom to determine their own appropriate course of development.

The question of viability cannot be fruitfully examined prior to establishing the basis, if any, on which the Arab sector exists and can continue to exist as a distinctive economic unit. This requires an examination of the main features of Arab economic activity in Israel: industry, agriculture and labor.

This study aims at discerning the extent to which Arab economic behavior is effectively separate from that of the Israeli economy as a whole: is the Arab sector simply a regional or "national" branch of the Israeli economy, or does it rest on foundations which are distinctive and autonomous? Viability then becomes the relevant and pressing question.⁶

In addition to the general "developmental" significance of this subject within the context of the experiences of less developed countries, there are other features of this part of the Palestinian people which merit it further study than it has so far received. First is the sizable proportion that Palestinian Arabs in Israel constitute of total Israeli and total Palestinian population. Also, Palestinian Arabs in Israel have maintained their roots and links in their land, villages and traditions, resisting attempts at dispersal or expulsion. Another unique feature of their experience is the fact that legally, Palestinian Arabs in Israel are full citizens of the state; in principle, the legal door has remained open to their enjoyment of the benefits of social and economic advancement bestowed on Israeli Jews.⁷ A fourth aspect of this population's status is the "modernizing" effect of thirty-five years of close contact with the advanced Israeli economy. In terms of development, this is an experience not gained by most other Palestinians or Arabs: familiarization with production and exchange processes often unavailable elsewhere in the developing world. It is within this broad framework that the importance of serious investigation of the Palestinian Arab economy in Israel must be considered.

I. Arab Demographic Development in Israel

There reside today within Israel over 700,000 Palestinian Arabs.⁸ In 1949, the Arab population of Israel numbered some 160,000, almost 14 percent of Israeli population at the time, and some 12 percent of total Palestinian population.⁹ With a relatively high rate of annual population increase among Palestinian Arabs (3.7 percent p.a. between 1970-80),¹⁰ and with falling rates of Jewish immigration to Israel (and negligible Arab emigration since 1949), by 1981, Palestinian Arabs constituted 16.5 percent of total Israeli population.¹¹ One Israeli projection puts the Arab

population at 20 percent of the total Israeli population by the early 1990s.¹²

This population lives in 106 exclusively Arab villages and towns, and six mixed cities, including Jerusalem.¹³ The vast majority live in the Arab localities of the Galilee (in the North) and the Little Triangle (in the center). Under 10 percent reside in the predominantly Jewish cities of Acre, Haifa, Jaffa-Tel Aviv and Ramleh, and another 18 percent in Jerusalem.¹⁴ Thus, over 70 percent of Palestinian Arabs live in exclusively Arab localities in Israel.

Despite this effective "segregation," the Arab population is a majority in none of the Israeli administrative districts. Only in the Northern District (including Galilee) are Palestinian Arabs almost half of the population (48.6 percent in 1981).¹⁵ In this region, and in other areas of Arab concentration, most villages and towns are geographically close, linked by an extensive road network, and interspersed with Jewish settlements and towns.

Though there have been few noticeable inter-regional Arab population shifts since 1948, there has been an apparently tremendous change in the distribution of population between "rural" and "urban" regions. This might be seen to indicate either substantial Arab rural-urban migration, or else an urbanization of rural Arab villages. In fact, all that the official figures reveal is population growth in the Arab areas without necessarily indicating any population shifts, much less urbanization (as understood by qualitative changes in rural socio-economic and demo/geographic structure).

According to Israeli statistical definitions, rural Arab localities are those with a population under 5,000. On the basis of this definition, rural Arab population has declined from 58 percent of total Arab population in 1970 to just 30 percent in 1981.¹⁶ However, while in statistical terms Arabs are becoming less rural, in fact predominantly rural/agricultural regions (with corresponding low levels of utilities and services) are remaining so, except with increasing population congestion. By 1981, of the Arabs resident in (officially) urban localities, over half were in the six mixed cities and the two Arab towns of Nazareth and Shefa 'Amr; the remainder were to be found in so-called "urban villages."¹⁷

The significance of Arab demographic developments is apparent in several respects. Most notable is that after 36 years, Palestinian Arabs in Israel have maintained their own geographic, demographic and social structure, which on the whole is separate from that of Israeli Jewish society.

This is indicative of an inbuilt resistance to integration within Israeli society as well as to an enforced segregation. Israel may be the world's Jewish melting pot, but it has not been that for its non-Jewish citizens. This has allowed for the preservation of distinctly Arab niches within Israel, extending in some cases to the realm of economic activity. It allows for the maintenance of an infrastructure, albeit weak and incomplete, within which the term "Arab economic development" can be considered relevant.

On the other hand, the demographic picture is such that, with time, Israeli planners and policies must take increasingly into account the aspirations of a sizable national minority. The "demographic threat" to the Jewishness of Israel is regarded with serious concern by most Israelis in positions of authority, and has led in recent years to strident calls for the "Judaization" of regions of Arab demographic concentration. This official position could therefore emerge as a potential constraint on any possibilities for autonomous Arab economic development in Israel. For, coupled with the demographic and geographic homogeneity of Arab society in Israel, such a development might well be construed by Israeli decision-makers as the "cancer" or "mortal danger" that others have termed it.¹⁸

II. The Absence of an Arab Industrial Base and a Commercial, Financial and Service Infrastructure

The most striking aspect of Arab "underdevelopment" in Israel is the almost insignificant level of Arab non-agricultural productive activity. This reality has remained unchanged for years despite several government "five-year plans" to industrialize, which were generally misconceived and incomplete. It has contributed more than any other factor to the transformation of the Arab region into a consuming sector for "external" goods and services, with no concurrent development of a productive capacity that could affect the local terms of trade.

As is well known, advances have been made in the Israeli economy over the past decades whereby an impressive heavy industrial base has emerged linked to a wide range of light industries. All are characterized by high levels of technological application, productivity, exportability and profitability.¹⁹

Israeli industrial development has been possible through substantial foreign and Jewish investment and aid, as well as the elaboration of a

strategy for industrial and economic growth engineered by government and private initiative. The central planks of this strategy have been: intra- and inter-sectoral integration; import substitution; a high degree of export orientation; advanced and well financed research and development facilities.

With the main poles of this impressive industrial growth located in Jewish or mixed cities, and Jewish kibbutzim, moshavim and development towns, it has remained primarily a Jewish experience. Not only have the Arab regions and communities been ignored in the placement of industrial plant and enterprises, but they have been, and continue to be, regarded primarily as a source of cheap labor to fuel this growth and partake in consumption of its output.

As a result, by 1974, at the most optimistic estimate, there were only 59 manufacturing enterprises in Arab regions with some degree of Arab ownership.²⁰ Most employed under 30 workers, though a few others employed between 150-200 workers each, in marble and metal works; at best only a fifth of the Arab industrial employed was found in these enterprises.²¹ These plants mostly produce clothing and textiles, with some recent expansion into small chemical industry, and food processing. Generally, these plants in Arab regions are branches of larger Israeli concerns. Additionally, Arab villages are dotted with small carpentry, blacksmithing, sewing, car repair and other workshops.

The same underdevelopment afflicts the tourism, services, commercial and financial sectors, with Arab entrepreneurship virtually non-existent. An exhaustive search of a list of the top 5,000 registered businesses in Israel²² in 1982 failed to identify a single firm with Arab ownership or in an Arab region. Whatever Arab industrial development has taken place does not rate very highly alongside Jewish development.

Certainly, the roots of this situation are partially specific to Arab society in Israel. Historic underdevelopment of Arab rural areas, traditional local unawareness of the importance of industrialization, and the absence of a "business entrepreneurial spirit" have played their role in perpetuating the stagnation. Whatever private Arab savings are accumulated, and according to some accounts these are considerable,²³ they are either directed to conspicuous consumption or, for a part of the population, invested in agriculture. However, the most serious obstacles to Arab industrial development come from the position of the Arab sector vis-à-vis the Israeli state and Jewish industry, manifested on two levels.

On the one hand, the state has been slow in its allocation of public

utilities (electricity, water, sewage and road networks) to Arab areas. As late as 1971, about half of Arab villages were still unconnected to the national electricity grid and by 1976, only one of the 104 Arab villages had a sewer system.²⁴ This neglect is compounded by the relatively low level of state aid and grants made available to Arab municipalities and local councils. Financial aid per capita to Arab localities has been shown in official Israeli reports to be consistently lower than that received by Jewish localities.²⁵

This initial handicap on Arab efforts to industrialize is reinforced by the fact that Jewish industry is a hard competitor in any case, equipped with experience and business acumen. Jewish industries also benefit from special state-sponsored investment incentives based on the "Law for the Encouragement of Capital Investment." Though Arab industry is, in principle, entitled to the same benefits, these are in fact difficult to obtain because of the way the Development Zones map has been drawn up. As a result, many important Arab areas (comprising roughly just under half of Arab localities and population)²⁶ are outside the two top priority Development Zones. Especially noticeable is how the borders of Development Zones leave the largest Arab town of Nazareth in the "no-priority" zone, while the bordering Jewish settlement of Upper Nazareth falls within the second priority zone.²⁷

The only real trend towards industrialization of Arab villages that can be noticed is that which is being implemented by Jewish capital. Recent years have witnessed an increasingly active move of Jewish industry into the Arab regions aimed at locating branches of existing industries closer to the source of labor. This is not part of any policy to industrialize the Arab villages, but rather to take advantage of cheap, primarily female, labor which otherwise would not have left the rural areas. This is evident in the fact that much of this sub-contracting has involved the textile and clothing industry which, after agriculture, is most suitable to female labor.²⁸ This so-called "spatial mobility of capital" has been engineered by both the private and public sectors and resulted in the transfer of only parts of the labor process to Arab plants, thus ensuring continued dependence.²⁹

The serious lag in Arab industrial and business growth can be illustrated by comparing figures on the area of building completed for industrial, crafts, commercial and business use in two similar Arab and Jewish towns. In Nazareth, the largest Arab town, with a population of 40,400 and a jurisdiction area of 8,300 dunums in 1979, only 7,800 square meters of building were completed for those purposes from 1977-

79. But in Lydda, with a population of 39,400 and a jurisdiction area of 9,200 dunums in 1979, a total of 50,600 square meters of building were completed for these purposes in the same period.³⁰

Within the industrial sector, therefore, there is very little Arab activity separate from the Jewish economy. In fact, the virtual non-existence of Arab-owned industry weighs heavily against the prospect of any autonomous development of the Arab regions. That industrial growth which has occurred is an integral part of the production processes of Jewish industry. On this level, at least, the Arab economy is clearly linked—and integrated within a subservient context—to the national economy. It possesses no attributes of its own (e.g., orientation to specifically local consumption needs), and thus can have no existence separate from that of the Israeli economy as a whole.

III. The Stagnation of Arab Agriculture

The major foothold remaining for the Arab economy in Israel is the agricultural sector. It is here that traditional Arab technical abilities are still relevant, that the major input (land) is still in Arab hands, however much its area is reduced (as a result of continued expropriation), and its use constrained. Also, in agriculture, some degree of self-sufficiency, or at least subsistence, is attainable. However, there are four areas in which obstacles remain in the path of development of this sector.

Barring major political change in Israel, two of these obstacles are unlikely to disappear in the near future: the impossibility of any expansion of Arab arable lands; the problems of increasing the allocation of state-controlled water to Arab agriculture. The other two factors are not as intractable and could, in principle, be dealt with in such a way as significantly to transform Arab agriculture: investments in mechanization and improved inputs; development of more modern and efficient methods of agricultural organization, production and usufruct.

Land:

Since 1948, the Arab sector has lost the bulk of its land, especially arable areas, to Jewish settlements and projects, a process well documented elsewhere.³¹ As a result, at the present time approximately half of Arab cultivated land is in the Negev Desert. Most of this is outside the minimum rain belt which means that crops can be obtained only once every two or three years. Of the remaining Arab cultivated land, much of it

is of inferior quality compared to the fertile tracts on the coastal and inland plains and valleys that were confiscated or transferred to Jewish ownership.³² Jewish-owned land is legally considered the inalienable property of the Jewish people; because of this, stringent control is maintained over this land by the state and its agencies. It cannot, therefore, be transferred to Arab ownership, and leasing arrangements are hard to come by and are usually annual and non-renewable.³³

With continued land losses over the years, and the isolation of Arab farmers from the benefits of Israeli technological advances, the area of Arab cultivated land (mainly poor quality, marginal plots) increased by only 25 percent from 1949-79, while Jewish cultivated area grew by 90 percent.³⁴ Immediately after the establishment of the state, Arabs still owned 31 percent of cultivated lands, but by 1979, this proportion had fallen to around 20 percent.

The negative effects of this disparity between Arab and Jewish holdings can be observed in the following figures: from 1949-79, when the average annual increase in the Arab population amounted to 15,260, the average land area under Arab cultivation increased by 5,566 dunums annually. This precipitated a fall in area under cultivation per Arab inhabitant from 4.4 dunums in 1949 to 1.4 dunums in 1979.³⁵ Thus was agriculture severely constrained in terms of its ability to provide subsistence to a rural population once almost totally dependent on it.

Water:

The increasingly critical situation in agriculture is further complicated by the limited Arab access to water resources. In a country such as Israel where water is in short supply in general, it is not surprising that Jewish agriculture will receive larger allocations. This not only applies to the distribution of actually available water, but also to access to water conserving techniques and equipment which have helped Jewish agriculture supposedly to "make the desert bloom." Through the state agencies of "Mekorot" and "Tahal," Israeli water resources, like land, are legislated as Jewish public property, and as such their allocation is carefully controlled.³⁶

Between 1949-79 the area of Arab land under irrigation grew by 60,000 dunums (from 9,000 to 69,000 dunums), while Jewish irrigated land grew by 1.5 million dunums; by the end of the 1970s, over half of all Jewish cultivated land was irrigated compared to only 8 percent of Arab land.³⁷ It is noteworthy that while most of Jewish irrigation is supplied

through specially constructed water distribution systems, most Arab irrigation is achieved through tapping local wells and springs. The effective bias against Arab agriculture with regard to water utilization is apparent in the fact that although Arab farmers cultivated 20 percent of all cultivated land in Israel in 1978, they only received 2.3 percent of all water consumed for agricultural purposes.³⁸

Agricultural Investment:

Investment in agriculture, in the form of a range of mechanical, chemical and biological inputs, is an absolute prerequisite for modern farming. It is especially crucial where marginal lands are no longer available and intensification of cultivation is called for, as with Arab agriculture in Israel.

With massive financial and technological resources at its disposal, Jewish farming has excelled in the application of various appropriate agricultural technologies: intensive mechanization, new irrigation methods (e.g., drip irrigation), greenhouse and plastic-cover cultivation, new high-yield seed varieties and well mixed introduction of chemical and biological inputs (i.e., fertilizers and pesticides). Many of these are actually researched and developed in Israel; increasingly, Israeli agriculture can depend upon local production for the supply of these inputs.

However, data on the application of these technologies to Arab agriculture do not indicate that it has fully shaken off the legacy of traditional agriculture which is characterized by low productivity of rural labor and of land. These in turn are reinforced by increasing population without a concomitant increase in area available for cultivation. As one significant Israeli study of Arab agriculture has termed the situation:

All inputs that are essential for increasing productivity of the land—fertilizers, pesticides, improved tools, etc.—have to be purchased. The farmer cannot afford these inputs as long as labour productivity is low, and so a vicious circle ensues which cannot be broken by the sole efforts of the traditional farmer. This situation explains the third characteristic of traditional agriculture . . . namely, its unchanging character, or rather the state of stagnation from which it cannot free itself by its own efforts.³⁹

This account of the problems facing Arab farmers in attempting to modernize goes further than those advanced by other Israeli academics, which have stressed the "fellah mentality" as the cause for stagnation in Arab farming in Israel.⁴⁰ But such accounts still do not go far enough in indicating the precise reasons that Arab farming has not been able to break

out of the vicious circle in a country otherwise well equipped to promote such modernization.

A main reason why Arab farmers "cannot afford" the financial burden of modernization is that they cannot as readily benefit from incentives and aid granted to Jewish agriculture. Never has the Arab agricultural sector been the object of a concerted state effort to help push it out of the low productivity cycle; hence it is incapable of accumulating the level of savings needed for appropriate agricultural investment.⁴¹

However, as several accounts have shown, when Arab farmers have had access to material or technical resources (through their own savings, local agricultural organizations or the services of local extension officers), they have proven to be as productive and efficient as Jewish farmers. This has been especially noticeable in irrigated areas or those where traditional crops were abandoned in favor of export-oriented cash crops such as strawberries, winter vegetables, and other branches, such as small animal husbandry.⁴² In general, Arab farming has turned to these labor-intensive crops at the expense of more difficult, less remunerative traditional crops such as olives, tobacco and wheat. Thus, farmers obtain better returns on the same or less labor input.

Figures on the rate of mechanization, though somewhat hard to come by, point to the lag in Arab performance on this level. While in 1962, for every thousand cultivated Arab-owned dunums there were only .5 tractors, compared with 2.5 tractors in the Jewish sector, by 1971 there were only .8 agricultural machines per thousand Arab dunums against 4.5 in Jewish farming.⁴³ Though there has been an increase in Arab use of chemical and biological inputs, these are often (necessarily) restricted to irrigated farming. In the mid-1970s, field research indicated that 60-95 percent of those who irrigated also used fertilizers and pesticides. Most of these inputs were introduced before 1966, along with mechanization:

... mechanisation has replaced man and animal power as far as feasible, but the main tendency has been—and still is—the introduction and enlargement of labour intensive production branches.⁴⁴

Agricultural Methods:

Finally, there are a number of institutional and historical factors which hamper the development of Arab agriculture in Israel. These are related to problems of land ownership and cultivation systems prevalent in Arab areas, as well as access to marketing outlets. An additional, but potent, factor is the absence of any significant Arab cooperative system. This could

play a role (as in the Jewish sector) in securing inputs, water, and access to new technologies, as well as in the improvement of production through the consolidation of fragmented and parcelled plots. However, a perception of the role of traditional forms of social organization in perpetuating these problems should not overlook the fact that in some cases new realities have emerged which in themselves prevent benefits accruing from cooperativization (e.g., the effect of land expropriations on the structure and quality of Arab plots).

The question of problems in the present form of Arab agricultural organization can be looked at from two angles. On the one hand, the theoretical issues of "optimal farm size" and "economies of scale" have great relevance in the present context. Though a full theoretical discussion cannot be attempted here, suffice it to say that while Jewish agriculture benefits from the advantages of cultivating consolidated and large plots within the cooperative (*kibbutz* or *moshav*) system, the results of expropriations, private Arab land ownership, communal (*mushaa'*) cultivation and inheritance laws have all played their role in seriously reducing the average size of Arab farms and plots. Thus, neither can Arab farmers determine an optimum size of plots (for maximum returns), nor can they easily effect consolidation of plots in situations where large-scale farming would be more productive and cost-effective.

It must, however be remembered that the benefits enjoyed by Jewish agriculture in this respect were in most cases made possible only by the very same land expropriations which have so restricted the room for Arab agricultural development. However, most Israeli and Western studies of this matter conveniently ignore the crucial link between Jewish development and Arab underdevelopment in Israel.⁴⁵

As a result of these factors, since 1949 average farm size has fallen way below the (government) assumed minimum of 31 dunums. By 1963, this figure had already declined to some 27 dunums, with the average number of plots per farm at 5.4, each with an average area of only 5.7 dunums.⁴⁶ What is most noticeable over the last three decades is the great increase in smaller sized farms and the decline of the larger farms, expressed by an absolute decrease in number of farms and cultivated area by nearly two-thirds.⁴⁷ In more recent data on five groups of Arab villages (differentiated by regional and crop variations), the percentage of farms smaller than 22 dunums (and thus by government standards, unviable) has increased in all cases. Of the 5,313 farms surveyed, representing over half of all Arab farms in Israel, 2,926, or 55 percent, were under 22 dunums (2 ha.); only

15 percent were clearly above the minimum viable size (greater than 55 dunums/5 ha.), with the rest around the minimum viable size (23-54 dunums/2.1-5 ha.).⁴⁸

The other aspect of the problem of Arab agricultural organization is the failure—for a variety of social, political and legal reasons—of cooperativization to make any serious inroads into the Arab sector. Of the 190 Arab cooperatives in 1977, 124 were for securing drinking and irrigation water (often because of the great expense incurred in connecting localities to the national network), and only 13 were for general agricultural purposes.⁴⁹ The rest were mainly for consumers, housing, transportation, and electricity supply. These figures contrast sharply with those for Jewish agriculture.

Because of their effective exclusion from active participation in key agricultural organizations in Israel, "Arab farmers suffer severe losses as a result of the unorganized marketing of their products through merchants who control the means of transport, the sources of credit, etc."⁵⁰ In the Jewish sector, producers can depend on cost cutting central purchasing and marketing facilities, financial assistance and support in mechanization, irrigation and intensification schemes. These collective-cooperative organizations also defend their members' interests with the state and other agencies such as AGREXCO (the monopoly agricultural export board), and TNUVA (the national cooperative body), as well as the various agricultural production and marketing boards. They can also press for increased water allocations, export subsidies, land leasing and other farming needs. The Arab farmers, however, cannot avoid dealing along the lines set down by these agencies. Since the Arab sector does not act as a unified economic unit in its dealings with the "parent" economy, it is instead forced to conduct business on an individual and isolated basis through various commercial middlemen and sub-contractors.

While it is difficult to discern what contribution each of the above-mentioned factors have made to the stagnation of Arab agriculture, there is no doubt that their cumulative effect has perpetuated its "under-development." By at least two different measures, productivity differentials between Arab and Jewish agriculture are historically wide and have grown over the years.

Whereas in 1952/53, the gross productivity per worker in Arab agriculture (in terms of output) was 30 percent of that in Jewish agriculture, this figure had dropped to 20 percent by 1962/63; by

1975/76, it had reached an all time low of 16 percent.⁵¹ Another measure of value of output per cultivated dunum (which perhaps better reflects land, input and distribution productivity) tells the same story. While the value of Arab agricultural output per dunum cultivated was 30 percent that of Jewish cultivated dunum in 1965/66, it had fallen to 18 percent by 1978/79 (and had already reached even lower levels in preceding years).⁵² Another indicator shows that the share of Arab output from total output in the same period fell from 5.1 percent to 4.4 percent despite the fact that Arabs cultivated 20 percent of all farming land.⁵³

However much the underdevelopment of Arab agriculture can be ascribed to the nature of its relation to the national economy, it is not in quite as weak a position as the non-agricultural productive base. This is because Arab farmers still possess a portion of the main input (land), and over time they have accumulated a range of skills. These allow them to maintain a certain advantage in competing with Jewish agriculture that Arab industrialists and entrepreneurs might not have over their Jewish counterparts. Additionally, contact with modern farming methods has allowed for some significant (though not wide-reaching) advances out of traditional farming techniques while also making use of an abundant input, namely labor.

Therefore, in this crucial area of Arab economic activity in Israel, a degree of autonomous development can be perceived, however slow and partial it may be. Agricultural growth in the Arab regions has taken place within the context of local needs, resources and aspirations. As such, it cannot be viewed as just another aspect of Israeli development. Rather, Arab agriculture can be considered as a viable basis for overall Arab economic growth and long-term welfare.

IV. The Arab Labor Force: A Reserve Army for the Israeli Economy?

The final area in which the contribution of Arabs to Israeli economic activity is noteworthy is that of labor. By 1981, the Arab labor force in Israel numbered 140,000, constituting some 10 percent of the total Israeli labor force.⁵⁴ Due to higher rates of Arab population growth, the Arab labor force has increased much faster than the Jewish labor force. But the rate of Arab participation in the labor force is low compared to that of the Jewish population, standing at 39 percent in 1981, with a crude activity rate of 21 percent.⁵⁵ Generally, low participation is attributed to weak female participation, even though Palestinian Arabs in Israel seem to have

been positively affected by work opportunities and "modern values" which often increase labor participation.⁵⁶

There have been two especially prominent aspects of Arab labor behavior in Israel over the past three decades. One of these has been the shift from agricultural employment which is primarily attributable to the decline of agricultural work opportunities in Arab regions, and the emergence of alternatives in Jewish productive sectors. Whereas, in 1955, over 50 percent of employed Arabs were to be found in agriculture, this proportion fell steadily to reach under 37 percent in 1965 and under 12 percent by 1981,⁵⁷ a total decrease of some 10,000 workers over the period 1968-81 alone. This was manifested in an annual decline ranging between 500-5,000 workers employed in agriculture. In the last four years for which data is available, the absolute number of workers in agriculture has stabilized at between 15,000-19,000.⁵⁸

The fall in the percentage of Palestinian Arabs employed in agriculture was not accompanied by such a dramatic shift in Jewish agricultural employment. This would seem to indicate that if the mechanization of Jewish agriculture is chiefly responsible for the displacement of workers from agriculture (as many writers have assumed), this is affecting the Arab Labor force at a greater rate than it affects the Jews. However, as already noted, developments in Jewish agriculture (which in 1971 accounted for at least 50 percent of Arab agricultural employment)⁵⁹ are not the only determinant in the decline of Arab agricultural employment.

It is not surprising to find that displaced Arab labor is moving into those sectors most appropriate to its existing skill levels, namely the Jewish productive sectors. Since the 1960s, there has been a strong and consistent rise in the numbers and proportion of the Arab labor force employed in manufacturing and construction. In the 1968-81 period, while these sectors only accounted for 8 percent more of total Arab employment (from 35 percent in 1968 to 43 percent in 1981), the absolute number therein employed grew by over 28,000, almost a 100 percent increase.⁶⁰ Other sectors, primarily commerce and services, increased their share of total employment by almost 12 percent, representing an absolute increase of some 32,000 workers since 1968.⁶¹

By 1980, for the first time ever, industry accounted for the majority of Arab employed, taking the lead from construction which had been the largest employer of Arab labor throughout the Israeli building boom of the 1970s. Though the trend was slightly reversed in 1981, industrial employment appears to have firmly taken root among Palestinian Arabs in

Israel, especially in light of the increasing "industrialization" of labor processes in construction.⁶²

Despite the potential importance (in terms of skill acquisition) of the increase in Arab industrial employment, the occupational structure of the Arab labor force does not indicate a significant transformation. On the whole, Arab labor has failed to break out of the boundaries of blue-collar (working class) labor within the Israeli economic system:

Perhaps most characteristic of the employment structure of Palestinian Arab citizens of Israel is their concentration in *skilled manual/non-supervisory/productive* wage labour. They are distinguished from non-citizen Palestinian Arab workers employed in Israel (i.e., from the occupied territories), who tend to be concentrated in the unskilled parts of these labour categories. They are distinguished from Israel's Jewish citizens, who tend to be concentrated in the *menial* labour categories of employment. . . .⁶³
[emphasis in the original]

The second prominent aspect of Arab labor behavior in Israel since 1948 has been the exceptionally high rate of labor mobility. This has been due to the interaction of a group of factors: the decline of local (agricultural) labor opportunities, accompanied by increasing landlessness; labor-saving mechanization, especially in Jewish agriculture; the growth of relatively attractive income opportunities in the Jewish urban sector; the enforced segregation of Arab rural areas and population from Jewish urban employment centers.

From 1968-81, while the number of Palestinian Arabs employed grew by 60 percent, there was an 86 percent growth in the number employed outside their localities of residence.⁶⁵ Of the total Arab employed labor force, the proportion working outside the Arab region rose in this period from 45 percent to 52 percent.

One Israeli account in the early 1970s, presenting a much higher estimate than the official statistics, estimated that 70 percent of villagers were working outside their villages. This Arab pattern of moving to where work is available means that Arab workers are "vulnerable to any contraction of employment; the non-local Arab villagers will be the first to be fired. . . ."⁶⁶ The daily or weekly commuting to the place of work has given rise to descriptions of Arab localities as "dormitory towns" for the thousands of commuters.

The trend toward ever greater labor mobility is also reflected in figures which show a consistent decline in the proportion of self-employed, employers and unpaid family labor in the Arab economy. Whereas in

1968 these semi-independent categories accounted for 29 percent of Arab employed, the proportion had dropped to 23 percent by 1981, with family labor the smallest part of this category (only 4 percent of all employed in 1981).⁶⁷ It would appear that fewer families can afford whatever marginal benefits might be provided by family labor, and are instead directed towards alternative income possibilities, concomitant with the already noticed contraction of local employment opportunities.

In calculations made previously by the author,⁶⁸ it was attempted to test the hypothesis that labor mobility was a function of three factors. Time series results (for 1969-79) associated the following determinants with an increasing supply of mobile labor: increased irrigated land; a fall in the ratio of Arab/Jewish agricultural output productivity (in value terms); a shrinking rural labor force. Other possible factors, including land ownership, some status of self-employment, or the general availability of non-irrigated lands were found to have no significant effect upon mobility.⁶⁹

Other calculations regarding the effect of "urban pull" (as elaborated by Michael Todaro in his standard model of labor migration) revealed that Arab labor mobility is not primarily a response to the rural/urban income differential as held in that model. Rather, these calculations indicated that the "rural push" factor played the significant role. Whatever the Arab wage-earner "expects" in the way of urban incomes (as hypothesized to be important by Todaro), he/she has little choice.

Hemmed in from both sides, by a stagnating agricultural sector on the one hand, and a modern sector that dictates the "where" and "how much" of employment on the other, the migrant Arab laborer perceives mobility as a fact of life, a necessity. Labor mobility in Arab economic life is a path to survival; increased welfare or incomes are perceived as secondary goals.⁷⁰

A final indicator of the role of Arab labor in the Israeli economy is found in unemployment figures. In general, Arab unemployment rates are slightly lower than Jewish rates, perhaps reflecting the greater necessity for a less skilled labor force to adapt to new occupations and thus stay employed. But official Israeli analyses of the role of mobile labor from the West Bank in fueling the Israeli economy⁷¹ applies equally to Palestinian Arabs in Israel. From 1973-74 and 1975-76, two periods of contraction in the economy, Jewish unemployment increased by .4 percent points and .5 percent points respectively. The corresponding rise in the Arab unemployment rate was .9 percent and 2.5 percent.⁷² During the most

recent period of crisis, while Jewish unemployment rose by .3 percent from 1980-81, the rise in Arab unemployment was by .6 percent.⁷³ In these terms, the Arab sector appears increasingly as a reserve "sub-economy" for the wider market: from it comes the mobile, relatively unskilled labor to fuel expansion in times of boom; into it goes those more easily expendable elements in times of recession.

However, the dependency of Arab labor upon employment in Jewish centers should not obscure the fact that there is another side to the relationship. While recent years have witnessed a certain restructuring of the occupational needs of Jewish industry, construction and agriculture,⁷⁴ the overall dependence of the national economy on the crucial tasks performed by manual productive Arab labor cannot be ignored. This degree of potential Arab leverage within the national economy through its position in certain key occupations and sectors would have to be seriously considered by the Israeli authorities were there ever to emerge an "Israeli Arab" labor organization independent of the Histadrut.⁷⁵ This potentially influential position of the Arab labor force is strengthened by the existence of limited agricultural, service and small commerce employment opportunities in Arab regions. There is also a limited capacity for the extended family and communal structure to absorb otherwise unemployed labor in times of economic crisis.

The Arab labor force's role in the national economy can, therefore, be seen to possess definite attributes of integration/subservience, though it maintains certain common and specifically Arab features (on the occupational, status, income, mobility levels), as well as a capacity for local adaptability and strong integration within Arab social structure.

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In what sense, therefore, can the Arab region and communities be considered to constitute an economic unit? And within which broader context can the viability of this unit be envisaged?

This study has outlined the strains, flaws and potentials in the main areas of Arab economic activity in Israel. In each of these, agriculture, industry and labor, we have been able to discern elements of the conflicting trends of integration/subservience and stagnation, against segregation/autonomy and development. The motive forces behind these trends come both from within Arab society, in the context of its historical development, as well as from outside, in the form of Jewish domination of political and economic power in Israel. Yet it is not simply balanced since,

where the social/historical constraints of Arab traditionalism were broken through, the institutional and extra-economic blockages remained in place and were strictly enforced. By design and by fact, the national "parent" (Israel) economy has tried to enforce integration/subservience and stagnation in order to prevent Arab development. Through determination to subsist and uphold a unique identity, the Arab regions have maintained a hold on the bare essentials of the resources for economic development.

In this sense, insofar as the Palestinian Arabs in Israel have preserved—and often developed—land, labor skills, social infrastructure and institutions and even a minimal capital accumulation, they have laid the basis and begun the formation of a uniquely Arab economic structure. After 36 years, despite the successful establishment and building of the Jewish state, the integration/subservience versus segregation/autonomy dichotomy still has relevance.

It is a conflict still to be resolved, but it is clear that the Arab economy possesses a dynamic and a resource base of its own. Though this position is still threatened, the trends of the past decades seem to have exhausted themselves: industry in Arab areas can become no less significant; agriculture can contract no more; labor can be no more exploited than it is. Many of the disadvantages which worked against the Arab regions in earlier years are no longer operative and have been overcome: industrialization is perceived as a necessity, agriculture can and will continue to adopt new methods and reorganize, while Arab labor can adapt and still improve its potential. The Arab economy in Israel is a reality with which the Israeli authorities must contend and come to terms.

Viability, however, is another question altogether, and one which requires much more comprehensive research and more accurate data. Yet, there are three preliminary hypotheses for future Arab development that can be advanced, although the first two of these are dependent on major political and legal transformations which appear unlikely in the near future.

It might be economically viable, for example, for a complete integration of Arab economic resources and abilities into the Israeli economy to be undertaken, aimed at benefitting both national subsections of the economy. This would call for substantial investment by the Israeli authorities in rural and regional industrialization, intensive cooperativization and transformation of Arab agriculture, and the adoption of policies that would tap and develop labor skills while causing minimal

social hardship. The factories would have to move to the workers, but workers would also have to be allowed to move to the factories (on a permanent basis where feasible). This would be viable in purely economic terms, though obvious social/political/legal transformations (in both communities) would have to take effect and numerous barriers be broken down. There are no indications that the Israeli authorities are now, or in the near future, capable of considering such a strategy.

Alternatively, it would be economically viable for change to occur especially in the Arab sector, aimed at its autonomous development. This would take the form of substantial private Arab investment in appropriate and competitive industrial processes in Arab regions, an extensive modernization of Arab agriculture more or less within its present structure and area, and an attempt to make use of Arab comparative advantage in relatively cheaper, skilled manual labor potentials, thus helping to strengthen social structure by keeping labor at home. This strategy, however, is fraught with the problems of its political implications with regard to the Israeli system, the substantial financial burden it would entail and, to date, the effective absence of any feasible local initiator and author of such a policy. However, it remains a viable option, both economically and in terms of the social welfare benefits that could accrue.

Much more relevant to present circumstances than the options outlined above is a path which straddles these, much along the same lines that the Arab economy has already been developing.⁷⁶ In a sense, this has already proved its viability, at least insofar as its ability to maintain a burgeoning population and a minimum of its resource base while allowing for the beginnings of the development of new, alternative resources, skills and institutional forms. This strategy (effectively an unelaborated one) is a sort of "holding action": the Arab economy can maintain what exists while building the means for emerging into a position from which it can bring to bear its full economic potential on the unequal terms of economic production and exchange in Israel.



1. This study deals only with Palestinian Arab economic activity inside the pre-1967 Israeli borders, and excludes the economy of the West Bank and Gaza Strip as well as labor from those areas which works inside Israel.

Terms such as integration, subservience and autonomy are applicable in the present case in a very specific sense whereby integration is synonymous with subservience and stagnation, and autonomy is synonymous with segregation and development. In most Israeli official and academic studies of the Arab economy, though "integration" is an often advocated policy goal, the suggested forms and mechanisms for achieving this entail the subjugation of Arab development to the prerequisites of Jewish advancement, perpetuating Arab underdevelopment. Actual or potential *separate* Arab economic activity, however, would generate Arab development and autonomy.

2. For further discussion of pre-1948 socio-economic development in Israel see: Ibrahim Abu Lughod (ed.) *The Transformation of Palestine* (Evanston, Ill.: Northwestern University Press, 1971); A. Granott, *The Land System in Palestine* (London: Eyre and Spottiswoode, 1952); J.B. Hobman (ed.), *Palestine's Economic Future* (London: Lund Humphries, 1946); Doreen Warriner, *Land and Poverty in the Middle East* (London: Royal Institute of International Affairs, 1948); Neville Barbour, *Nisi Dominus* (Beirut: Institute for Palestine Studies, 1969); S. Carmi and H. Rosenfeld, "The Origins of the Process of Proletarianization and Urbanization of Arab Peasants in Palestine," *Annals of the New York Academy of Science*, vol. 220, 1974.
3. This has led to what has been termed by one writer as a form of Jewish-Arab "dualism" in the Israeli economy; see Fred M. Gottheil, "On the Economic Development of the Arab Region in Israel" in M. Curtis and M.S. Chertoff (eds.), *Israel: Social Structure and Change* (New Brunswick: N.J.: Transaction Books, 1973).
4. For an excellent and relevant discussion on

this issue, see B. Jalan (ed.), *Problems and Policies in Small Economies* (London: Croom Helm, 1982).

5. An analysis of the Arab economy in Israel in these terms is something not yet attempted. To date, the only methodological approaches adopted have been that of "internal colonialism" in E. Zureik, *The Palestinians in Israel, A Study in Internal Colonialism* (London: Routledge, Kegan and Paul, 1979), and that of "dualism" in Gottheil, *op.cit.* Neither of these have successfully dealt with the internal dynamics of the Arab economy, nor answered the question of whether the structure in question is actually or potentially "self-determining," i.e., whether it possesses unique and self-sustaining attributes.
6. For a refreshing critique of many studies of the "viability" of a West Bank/Gaza Strip state, see Antoine Mansour, "The West Bank: From the Steadfastness of the Fundamentals to the Fundamentals of Steadfastness," *Samed al-Iqtisadi*, vol. 6, no. 40 (May 1982) (in Arabic).
7. Whether or not that would ever be possible is a crucial political issue facing Arabs in Israel. For an authoritative account of their political and institutional position, see Ian Lustick, *Arabs in the Jewish State, Israel's Control of A National Minority* (Austin, Texas: University of Texas Press, 1980).
8. Including residents of East Jerusalem. In 1981, the last available year for data, Arab population was 675,500, in Israel, Central Bureau of Statistics, *Statistical Abstract of Israel* (Jerusalem: Central Bureau of Statistics [henceforth referred to as SAI], 1982, Table II/1. With the present rate of Arab population increase, the figure would have reached over 700,000 by the end of 1983. It should be emphasized that detailed and consistent data on Arabs in Israel is not always available; this accounts for the use of different reference years at various points in this study.
9. Figures and percentages for 1949 are from SAI, 1980, Table II/1. While there is general disagreement on the figure for

- Palestinian population in 1949, a figure of 1.5 million is roughly accurate: see E. Hagopian and A.B. Zahlan, "Palestine's Arab population: The Demography of the Palestinians," *Journal of Palestine Studies*, vol. III, no. 4, 1974, and J. Abu Lughod, "The Demographic Transformation of Palestine," in Abu Lughod, *op.cit.*
10. Calculated from SAI, 1981, Main Series.
 11. Calculated from SAI, 1982, Table II/1. If the annual rates of increase that prevailed in 1975-80 for Jews and Arabs are used to calculate present population figures, this would mean that Arabs are already some 17 percent of total Israeli population.
 12. In Israel Government, Prime Minister's Office, Office of the Advisor for Arab Affairs, *Demographic Data*, Yitzhak Reiter (Jerusalem), March 1980.
 13. According to the Office of the Advisor for Arab Affairs, in A. Hareven, *Every Sixth Israeli* (Jerusalem: The Van Leer Jerusalem Foundation, 1983), p. 19.
 14. A rough calculation based on figures in *Every Sixth Israeli*; and SAI, 1982, Table II/10.
 15. Calculated from SAI, 1982, Table II/4.
 16. Calculated for 1970 from SAI, 1973, Table II/9 and for 1981 from SAI, 1982, Table II/11. Figures from before 1968 would exaggerate the fall because of the inclusion of East Jerusalem.
 17. Calculated from SAI, 1982, Table II/9. One Israeli academic has coined the phrase the "rurban" village. But even Nazareth and Shefa 'Amr cannot be considered urban in the same sense that Haifa, Tel Aviv or even Jerusalem are.
 18. The 1976 "Koenig Report" is the most obvious example of this official concern. It called for intensive Jewish settlement in the North to redress the demographic imbalance.
 19. A source of regular, authoritative and up-to-date information on Israeli economic, industrial and technological advances can be found in the monthly *Israel Economist*. Numerous more comprehensive and historical works are also available.
 20. In Y. Harari, *The Arabs in Israel, Facts and Figures* (Givat Haviva: Center for Arab and Afro-Asian Studies, 1974), p. 50. Another estimate for 1975 puts the number of plants at 50, in Y. Waschitz, "Commuters and Entrepreneurs," *New Outlook*, vol. 18, no. 7. (October-November 1975), p. 50.
 21. Other accounts put the proportion at under 10 percent in 1976. See Lustick, *op.cit.*, p. 159.
 22. As listed in *Duns Guide to Israel* (Tel Aviv: Dun and Bradstreet Ltd., 1982).
 23. See Waschitz, *op.cit.*, and I. Arnon and M. Raviv, *From Fellaḥ to Farmer* (Rehovot: Settlement Study Center, 1980), pp. 203-5.
 24. See H. Rosenfeld, "The Class Situation of the Arab National Minority in Israel," *Comparative Studies in Society and History*, vol. 20, (July 1978), p. 391; and Lustick, *op.cit.*, p. 191.
 25. See Lustick, *op.cit.*, pp. 188-9. This refers to a report compiled by an Arab sociologist for the Ministry of the Interior. Effectively, this situation is maintained through the state policy of using absolute levels of local tax revenue to determine grants and loans. Since the tax base of an average Arab locality is much smaller than that of a Jewish locality, and total revenue in Arab areas naturally much less, these will receive proportionately less of available state funds.
 26. Estimated by the author by reference to a map of the Development Zones in Lustick, *op.cit.*, and to another of Arab localities in Israel.
 27. See Lustick, *op.cit.*, pp. 186-7.
 28. See Waschitz, *op.cit.*
 29. This has been further elaborated and documented in N. Makhoul, "Employment Structure of Arabs in Israel," *Journal of Palestine Studies*, vol. XI, no. 3 (Spring 1982).
 30. Calculated by the author from Israel, Central Bureau of Statistics, *Local Authorities in Israel, Physical Data, 1970/80*, Tables 4 and 17.
 31. See the relevant sections in Lustick, *op.cit.*; Zureik, *op.cit.*; S. Jiryis, *The Arabs in Israel* (Beirut: Institute for Palestine Studies, 1969); M. Tessler, *Arabs in Israel* (Hanover, NH:

- American Universities Field Staff, 1980); R. Kislev, "Land Expropriations: History of Oppression," *New Outlook*, vol. 19, no. 6, (September-October 1976); Y. Oded, "Land Losses among Israel's Arab Villagers," *New Outlook*, vol. 7, no. 7, (September 1964).
32. S. Flapan, "Planning for the Arab Village," *New Outlook*, vol. 6 no. 8, (August 1983).
 33. See U. Davis and W. Lehn, "And the Fund Still Lives: The Role of the Jewish National Fund in the Determination of Israel's Land Policies," *Journal of Palestine Studies*, vol. VII, no. 4, (1978).
 34. These and following figures on land ownership were calculated by the author from SAI, 1973, Table XIII/2, and SAI, 1980, Table XIII/2. Increase in cultivated area reflects both expansion of cultivation and intensification.
 35. One dunum = 900 m²; 4 dunums = 1 acre. It is arguable that a more relevant measure might be in terms of rural or agriculturally subsistent population. Yet, the main point regarding increasingly limited cultivable land still holds.
 36. See U. Davis, A. Maks, and J. Richardson, "Israel's Water Policies," *Journal of Palestine Studies*, vol. IX, no. 2 (Winter 1980).
 37. Calculated by the author from SAI, 1973, Table XIII/2 and 1980 XIII/2.
 38. Calculated by the author from SAI, 1980, Table XIII/2 and SAI, 1981, Table XV/6. These figures reveal not only the discrimination in resource allocation, but also the cumulative effect of historical and current factors which prevent the Arab farmer from reaching a position from which available resources can be made use of because, of, for example, of possessing mainly unirrigable lands or not having funds for investment.
 39. Arnon and Raviv, *op.cit.*, p. 208. It should be added that the relatively low level of technical education available to Arabs helps to fortify this trend.
 40. See Zureik, *op.cit.*, for a useful introductory discussion of the image of Arabs in Israeli social science writings.
 41. The two most recent Five-Year Plans (1962-67; 1967-72) were criticized by many writers as being too general in scope and targets, suffering from failure to fully implement them and allocating relatively little to Arab development compared to resources put behind Jewish development. Less than 2 percent of the total development budget went to the Arab sector over the 10 years. See Lustick, *op.cit.*, pp. 190-92; Waschitz, *op.cit.*; Flapan, *op.cit.*; S. Zarhi and A. Achziera, *The Economic Conditions of the Arab Minority in Israel* (Givat Haviva: Center for Arab and Afro-Asian Studies, 1963).
 42. See Waschitz, *op.cit.*, pp. 48-49.
 43. See Zarhi and Achziera, *op.cit.*, p. 22; Israel, Central Bureau of Statistics, *Census of Agriculture*, 1971. Obviously, certain areas were more suited to mechanization than others, such as the plains and valleys, and here the rate of mechanization would have been greater. See Arnon and Raviv, *op.cit.*
 44. Y. Harari, *The Arabs in Israel: 1975-76* (Givat Haviva: Center for Arab and Afro-Asian Studies, 1977), p. 42.
 45. See Arnon and Raviv, *op.cit.*
 46. Flapan, *op.cit.* In fact, the concept of average farm size is more conceptual than realistic.
 47. *Ibid.*
 48. Calculated by the author from data in Arnon and Raviv, *op.cit.*
 49. G. Weigart, "The Arab Cooperative Movement in Israel," *KIDMA*, vol. 4, no. 3 (September-December 1978), p. 30.
 50. S. Flapan, "Planning Arab Agriculture," *New Outlook*, vol. 6, no. 10, (October, 1963), p. 8.
 51. Lustick, *op.cit.*, p. 166.
 52. Calculated by the author from SAI, 1967, Table L/14, and SAI, 1980, Table XII/9, using constant prices.
 53. Calculated from *ibid.*
 54. SAI, 1981, Tables XII/2 and XII/8.
 55. *Ibid.*
 56. Women formed 15 percent of the Arab labor force in 1979 compared to a percentage of 30 with regard to women in the Jewish labor force (SAI, 1980, Table

- XII/2).
57. SAI, 1955/56, Table N/2; SAI, 1967, Table K/9; SAI, 1982, Table XII/9.
 58. *Ibid.* The best year from which to begin comparisons is 1968 with the inclusion of the Jerusalem labor force since that year would exaggerate the charge.
 59. From *Census of Agriculture*, *op.cit.*
 60. SAI, 1969, Table J/10; SAI, 1982, Table XII/9.
 61. *Ibid.*
 62. For a unique and exhaustive treatment of the growing importance of Arab industrial employment in Israel, see Makhoul, *op.cit.*
 63. *Ibid.*, p. 84.
 64. These and following figures on occupational structure are from SAI, 1981, Table XII/9.
 65. These and following figures on mobility are calculated from SAI, 1981, Table XII/9, and SAI, 1969, Table J/10.
 66. From Waschitz, *op.cit.*, p. 46.
 67. Calculated from SAI, 1981, Table XII/9, and SAI, 1969, Table J/18.
 68. Using linear regression analysis to test various hypotheses about the dynamics of Arab labor mobility, with reference to migration experience in less developed economies.
 69. As compared to results in cross-sectional analyses by Y. Ben-Porath, *The Arab Labour Force in Israel* (Jerusalem: The Maurice Falk Institute for Economic Research in Israel, 1966). Also, see J. Connell *et.al.*, *Migration from Rural Areas: The Evidence from Village Studies* (Delhi: O.U.P., 1976).
 70. An important lesson from this is that in situations where extra-economic forces dictate the terms of economic production and exchange, conventional notions of development can break down. While the experience of Arab labor in Israel resembles that of other migrant labor around the world, the interplay of economic and non-economic can foul the neat picture presented by migration/development theory.
 71. In a 1976 Bank of Israel Report quoted in an illuminating article by E. Farjoun, "Palestinian Workers in Israel: A Reserve Army of Labour," *Khamsin*, no. 7 (1980), p. 125.
 72. Calculated from SAI, 1974, Table XII/1; SAI, 1975, Table XII/1; SAI, 1976, Table XII/1; SAI, 1977, Table XII/1.
 73. Calculated from SAI, 1981, Table XII/2, and SAI, 1982, Table XII/2.
 74. See Makhoul, *op.cit.*, pp. 99-100.
 75. Palestinian Arabs were only admitted as members of the Histadrut in 1966 upon the lifting of the Military Regulations that had governed Arab regions since 1948. Though still full members of the Histadrut, Palestinian Arabs' affairs are dealt with by a special "Arab Department."
 76. An aspect of Arab economic development not investigated here, but of increasing relevance, is the "reintegration" process between Palestinians within Israel and the West Bank. This has potentially important consequences in terms of economic activity (e.g., joint marketing, labor and investment arrangements).